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DEPARTMENT
OF
DEFENSE

WORKING PAPERS *Iraq Status*

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Highlights

CPA Priorities:

- Governance
- Essential Services
- Economy
- Security
- Strategic Communications

CPA Intermediate Objectives:

- Support transition to sovereignty
- Achieve a Secure and Stable Environment
- Provide Electricity Services that Meet National Needs
- Reconstitute Oil Infrastructure

Weekly Highlights:

- On 08 Jun, the UN Security Council unanimously adopted Resolution 1546 (2004), endorsing the Interim Iraq Government and the holding of democratic elections by Jan 2005
- Prime Minister Allawi announces the transition and reintegration plan for militias, which will see 90,000 militia members transition into new occupations prior to the elections
- All six Haditha Dam generating units recently ran at maximum capacity (660 MW) for the first time since 1990
- Estimated crude oil export revenue is over \$6.9 billion for 2004



Governance

- On 08 Jun, the UN Security Council unanimously adopted Resolution 1546 (2004), which
 - Endorses the Interim Iraqi Government and the transfer of sovereignty on 30 Jun 04
 - Endorses the political timetable and the holding of democratic elections by Jan 05
 - Recommends the UN play a leading role in the next phase of transition to democracy
- Head of the UN's electoral team announced the formation of Independent Election Commission (IEC) on 04 Jun
- The Iraqi Property Claims Commission (IPCC) has 21 Offices open
 - Ramadi, Qadissiah, Samarra and Nasiriyah offices due to open this month
 - 4,751 claims have been received to date

CPA Objective: Governance

Support Transition to Sovereignty; Develop Civic Participation in Governance; Develop Framework and Capacity for Elections; Promote Respect for Human Rights; Promote Durable Solutions for Refugees and Internally Displaced Persons (IDPs)



Governance (Cont) - National Transition

2004

08 Mar

Transitional Administrative Law signed

01 Jun

Iraqi Interim Government (IIG) Announced and Governing Council dissolved

**Phase I
(Interim
Government)**

04 Jun

Election Commission established

30 Jun

Transfer sovereignty from CPA to IIG

Jul

National Conference convenes and selects Interim National Council

2005

31 Jan

Elections for the National Assembly complete: NLT 31 Jan 05

Early '05

Iraqi Transitional Government takes power

**Phase II
(Elected Government)**

15 Aug

National Assembly completes draft of permanent constitution

15 Oct

Referendum for permanent constitution

15 Dec

Elections for government completed

31 Dec

Elected government assumes office



Strategic Communication

- **To date, over 10,000 Democracy Development Activities (DDA) program activities have been held in communities across Iraq, involving more than 312,000 participants**
 - **Has stimulated civic participation and increased Iraqis' understanding of the Transitional Administrative Law (TAL) and basic democratic principles**
- **Other activities continue in support of political transition and the Transitional Administrative Law (TAL) including:**
 - **Distribution of booklets and leaflets on the TAL**
 - **Numerous focus groups, seminars, public forums, and town hall meetings across Iraq**
- **CPA and USAID continue to undertake extensive activities providing assistance to Iraqi women, including:**
 - **Establishment of women's centers**
 - **Vocational training and education programs**
 - **Civic education and participation**



Essential Services - Water and Sanitation

- Efforts are underway to address potential shortage of potable water in the Basrah region
- A substantial increase in access to potable water should result as work on a number of treatment plants and systems is completed in the second half of 2004, including:
 - Baghdad's Shark Dijlah plant will benefit 750,000
 - Sweet Water Canal and Basrah's plants will benefit 1,750,000 residents
 - Ad Diwaniyah plant will benefit more than 80,000
 - An Najaf plant will benefit 560,000
 - Ninawa' Governorate plants (10 out 67) will benefit 50,000
 - Fallujah will benefit more than 200,000 people
- Plant operations and maintenance training has begun throughout the country to prepare Iraqis to assume greater responsibility after transition

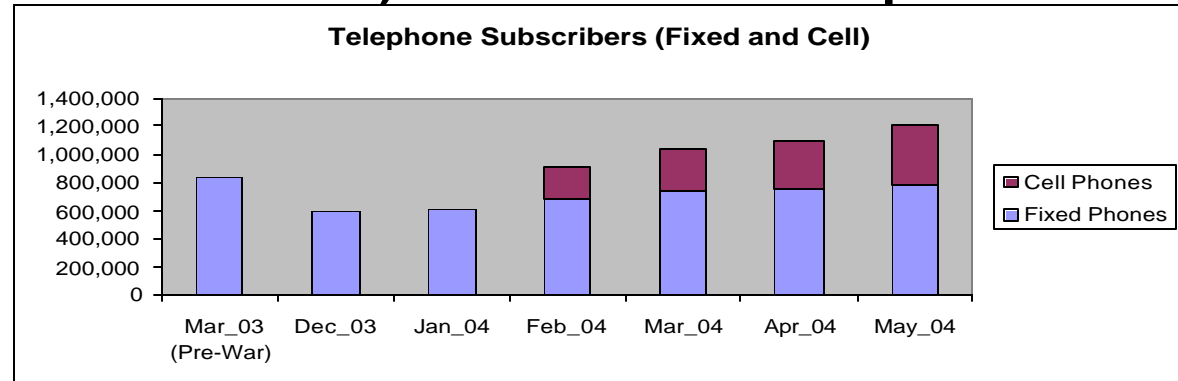
CPA Objective: Provide Water Supply, Sewerage & Municipal Services

Create viable organization to deliver water/sewerage/municipal services (WSMS); Expand WSMS to meet national needs; Develop full range of municipal services & inclusive delivery mechanism; Infrastructure improvements to water resource system; Facilities improvements & capacity building within Ministry



Essential Services - Telecommunications

- Total number of telephone subscribers in Iraq is now over 1,213,000 (inc. 429,000 cell phone subscribers) - over 45 % above pre-war levels



- Chart shows trend in number of telephone subscribers
- There are now 55,000 internet subscribers in Baghdad compared to only 3,000 in 2002
- All equipment for the Baghdad Digital Network has been received
 - Network provides emergency communications capability for police, fire and emergency medical technicians

CPA Objectives: Reconstruct Communications & Postal Systems

Build Iraq's first responder network; Establish independent regulatory agency; Upgrade Iraqi Telephone and Postal Company (ITPC) network; Build transmission component data network for Iraq, inc. international gateways; Restructure ITPC and its business operations; Upgrade and modernize postal systems; Upgrade ITPC outside plant for increased subscriber capacity and use



Essential Services - Transportation

- **Reconstruction of Baghdad International Airport (BIAP) and other activities continue in preparation for commercial operations and increased traffic**
 - **BIAP transition timeline commenced on 01 Jun with Iraqi Air Traffic Control (ATC) taking over the civilian side of airport operations**
 - **Work is expected to be complete by Aug 04**
- **The Iraq Republic Railways (IRR) received 12 prime mover / main generator sets for rebuilding locomotives from the 1980s**
- **Port Umm Qasr received 50 ships in Apr and over 40 in May, dredging of the port continues**

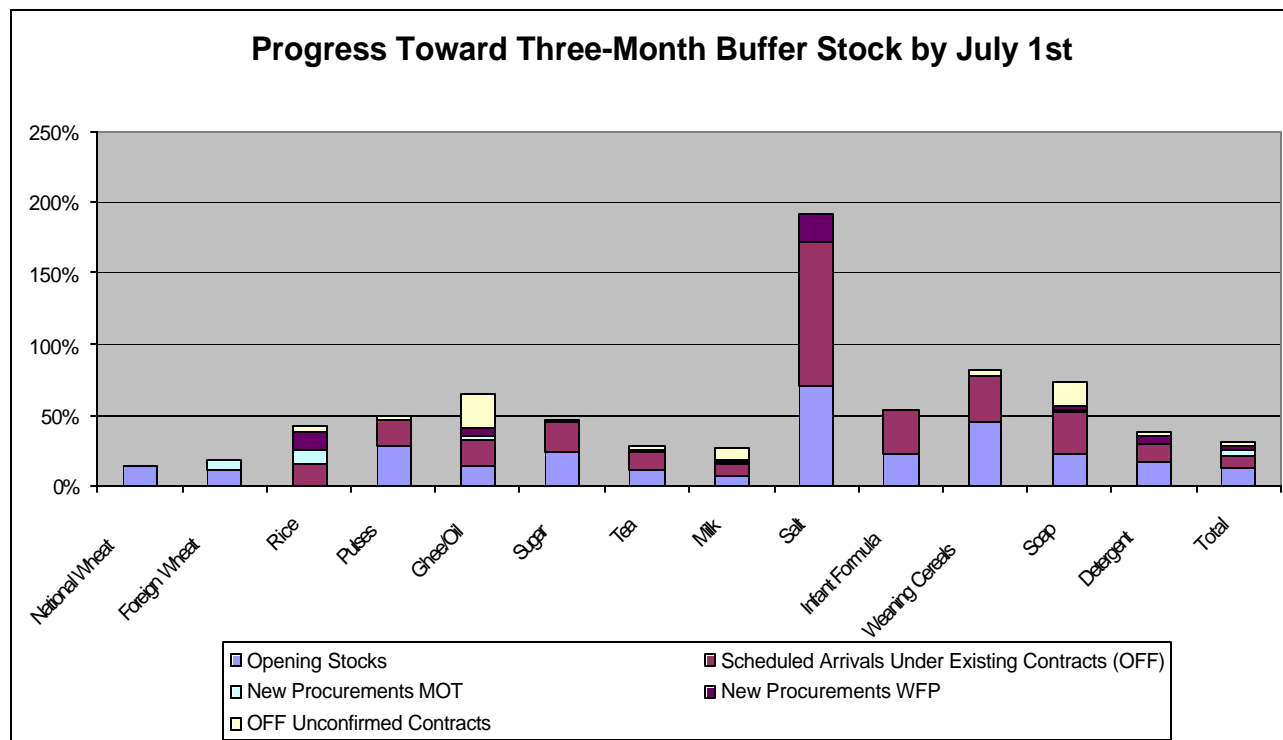
CPA Objectives: Restore Economically Strategic Transportation Infrastructure

Enable Iraqi civil aviation to prepare for international commercial aviation and cargo service; Enable Iraqi Port Authority to administer a port of call with intermodal capabilities and inland container distribution; Enable Iraqi Republic Railways to provide domestic and international passenger and freight capabilities; Reform civil service at Ministry of Transportation



Essential Services - Food Security

- Chart below shows % of estimated requirements for Public Distribution System (PDS) goods from Apr - 01 Jul
- Requirement includes stocks sufficient for the period and a three month buffer for 01 Jul
- While substantial additional shipments of most goods have been procured, they are not shown as these shipments will arrive after 01 Jul



CPA Food Security Objective: Provide Food Security for all Iraqis

Enhance capacity of Ministry of Agriculture; Assure supply of inputs; Strengthen research system; Ensure adequate stocks for Public Distribution System (PDS); Monitor food security; Hand over administration of system in the North; Initiate reform of rations basket; Environmental Initiatives



Essential Services - Food Security (Cont)

- Food stocks are low, however, no disruptions in rations are anticipated through the summer
- The offload capacity of wheat at Umm Qasr has improved in recent weeks
- Security concerns that were preventing movement of wheat from ports to silos and warehouses has declined
 - An average of 200 trucks per day have been transporting wheat and rice from Umm Qasr
- Planning is underway to further improve security on main food supply routes and develop contingencies in the event that security worsens
- Steady progress is being made in acquiring the trucks required for transporting PDS commodities
- The Oil for Food Coordination Center is beginning to draw down and will transfer responsibility for most activities to Iraqi ministries as of mid Jun

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Essential Services - Health Care

- Estimated that 85% of Iraqi children have now been immunized
- 240 Iraqi hospitals and over 1,200 preventive health clinics are operating
 - The PMO issued a task order for \$51 million to renovate five maternity and children (MCH) hospitals in Baghdad, Thi-Qar, and Najaf
 - Iraqi non - governmental organizations are using USAID assistance to rehabilitate health facilities throughout the country
- As part of the Ministry of Health's (MOH) efforts to address drug shortages:
 - Three shipments of initial emergency drug purchase have been received
 - Delivery of a second emergency drug purchase expected mid - Jul
- To assist Program Management Office (PMO) planning, the MOH confirmed the dispersion of Primary Healthcare Centers for each governorate
 - Based on a combination of population density, population movement for religious festivals, and inequities created by the previous regime

CPA Health Objective: Improve Quality and Access to Health Care

Develop health care organizations, management, & infrastructure; Train health care professionals; Pharmaceuticals logistic support; Public health



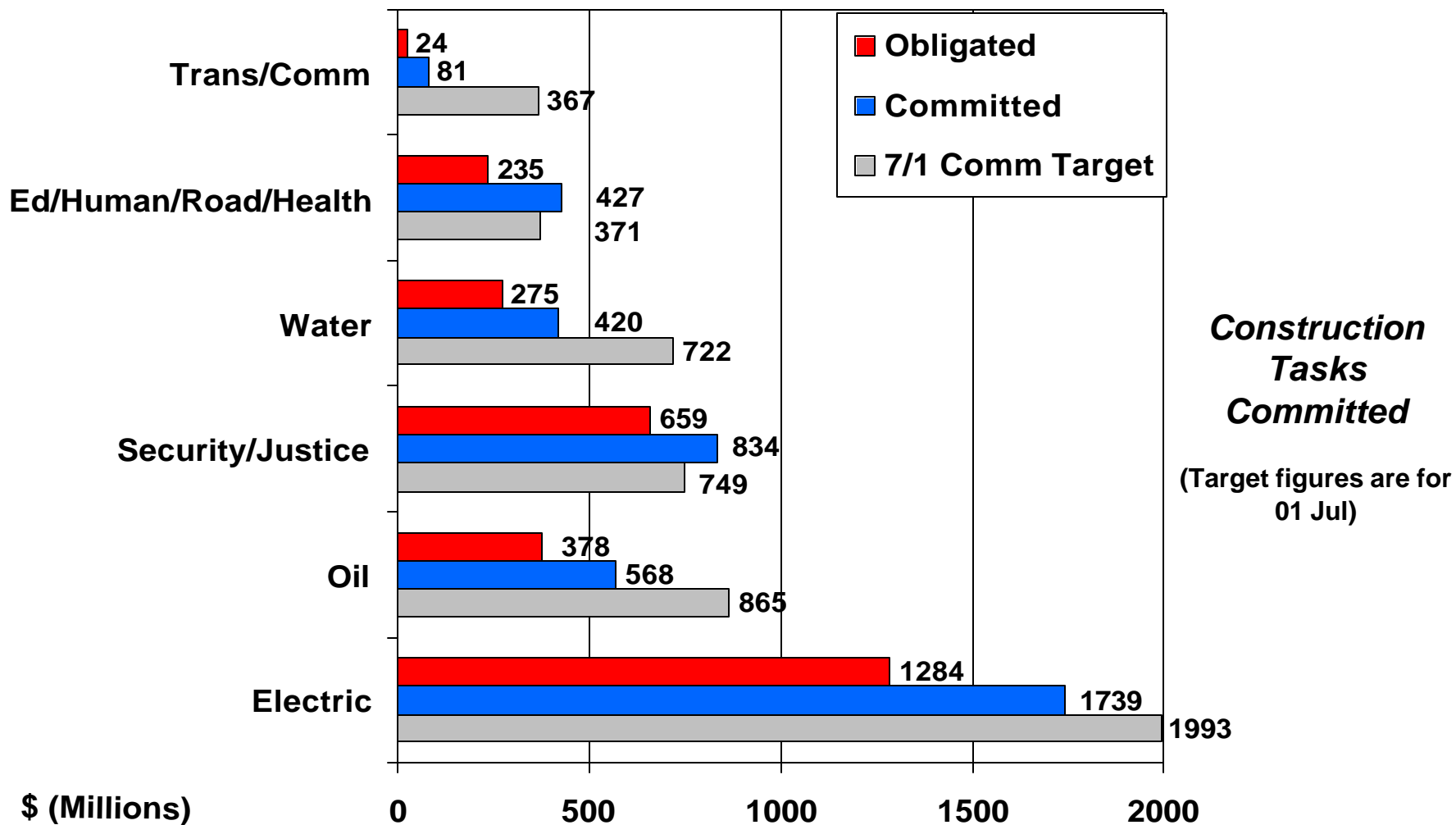
Essential Services - Education

- Primary, intermediate, and secondary students are completing their final examinations for the school year with minimal disruption
- Over the past few weeks, tons of textbooks have been sent to CPA for delivery to the various Iraqi universities
- The Ministry of Education has established a national committee on curriculum reform, which is expected to complete reform in two years
 - Includes prominent educators, university professors, public officials, and representatives from NGOs
 - An interim curriculum has been prepared that addresses human rights
- To date, over 32,000 secondary school teachers and 3,000 supervisors have been trained as part of effort to upgrade the quality of education
- Nearly 2,500 schools have been rehabilitated to date and an additional 1,200 are expected to be complete by the end of the year

CPA Education Objective: Improve Quality and Access to Education

Reorganize and staff the Ministry of Education; Rehabilitate school buildings and build new schools; Advance national dialog on curriculum reform; Continue and expand teacher training

Program Management Office (PMO)

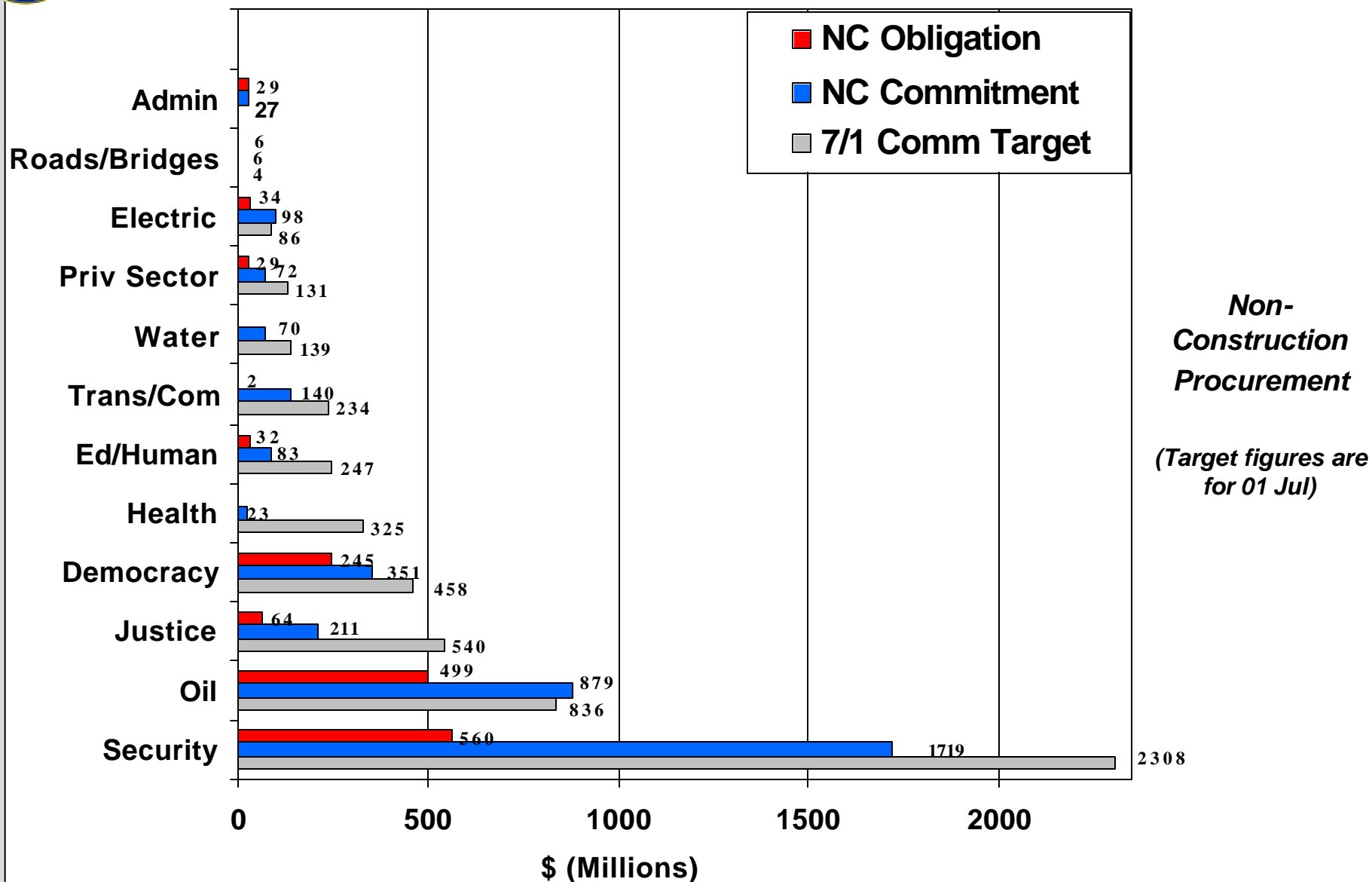


PMO Web-site Portal:
www.rebuilding-iraq.net

Data as of 10 Jun



Program Management Office (PMO) (cont)



Data as of 10 Jun



Program Management Office (PMO Cont)

Sector	2207 Report	Apportioned \$M	Committed \$M	Obligated \$M	Expenditure \$M
Security and Law Enforcement	3,243	2,976	2,361	1,094	172
Electricity Sector	5,539	2,538	1,837	1,318	74
Oil Infrastructure	1,701	1,701	1,447	877	11
Justice, Public Safety, and Civil Society (less Democracy)	1,038	825	404	189	3
Democracy	451	451	351	245	23
Education, Refugees, Human Rights, Governance	259	259	83	32	9
Roads, Bridges, and Construction	370	270	219	66	
Health Care	793	512	236	174	
Transportation and Telecommunications	500	467	221	25	2
Water Resources and Sanitation	4,148	816	490	275	
Private Sector Development	184	136	72	29	
Admin Expense (USAID, CPA Successor)	213	29	27	29	7
TOTAL	18,439	10,980	7,748	4,353	301
CONSTRUCTION	12,406	5,740	4,068	2,855	
NON-CONSTRUCTION	5,582	4,789	3,329	1,253	
DEMOCRACY	451	451	351	245	
Total	18,439	10,980	7,748	4,353	301

Data as of 10 Jun



Economy

- On 31 May, estimated crude oil export revenue reached \$6.9B for 2004
- In Jan 04, the Ministry of Planning reported a national unemployment rate of 28 % and an underemployment rate of 21.6%
- Iraq's annualized inflation rate for Apr 04 was 19.6%, down from its peak of 47.7% in Oct 03
 - Over six month period, CPI has risen by 3.5%, or 7.0% at an annual rate
- The Trade Bank of Iraq has issued 254 letters of credit, totaling approximately \$1 Billion, and covering imports from 36 countries
- The New Iraqi Dinar was at 1,460 dinars per dollar on 04 Jun, and has been stable for over three months
- Micro - credit loans now total almost \$5M, with 2,500 clients

CPA Economic Objectives:

Build financial market structures; Develop transparent budgeting and accounting arrangements; Private sector initiatives; Design oil trust fund; Lay foundations for an open economy; Pursue national strategy for human resources development



Economy (Cont)

- The Iraqi Stock Exchange is expected to open on 15 Jun
- Monthly Central Bank of Iraq financial reporting is now fully automated, improving government fiscal operations
- The Iraqi Central Statistics Organization (CSO) has completed surveys for seven economic sectors;
 - Data will be used for estimating gaps in GDP and in balance of payments for Iraq
 - Will help Iraq to meet data requirements for the International Monetary Fund (IMF) in preparation for an IMF stabilization program

CPA Economic Objectives:

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Accelerated Iraqi Reconstruction Program (AIRP)

- **The Accelerated Iraq Reconstruction Program (AIRP) continues to gain momentum nationwide to meet urgent local needs**
- **Projects and requirements were developed as a joint effort between CPA, PMO, various US and Iraqi agencies, and local community leadership**
- **Projects cover: water and sanitation, health, education, building, roads, power, telecommunications, and various other**
- **Benefits of the AIRP include:**
 - **Over 4,000 Iraqis have been directly employed on projects to date**
 - **Jump starts community essential services construction**
 - **\$250 million under contract by 30 Jun (\$146 million as of 10 Jun)**
 - **Rapid execution and impact**
 - **Stimulates local economy**
 - **Provides opportunities for local businesses**
 - **Improves Iraqi's quality of life**



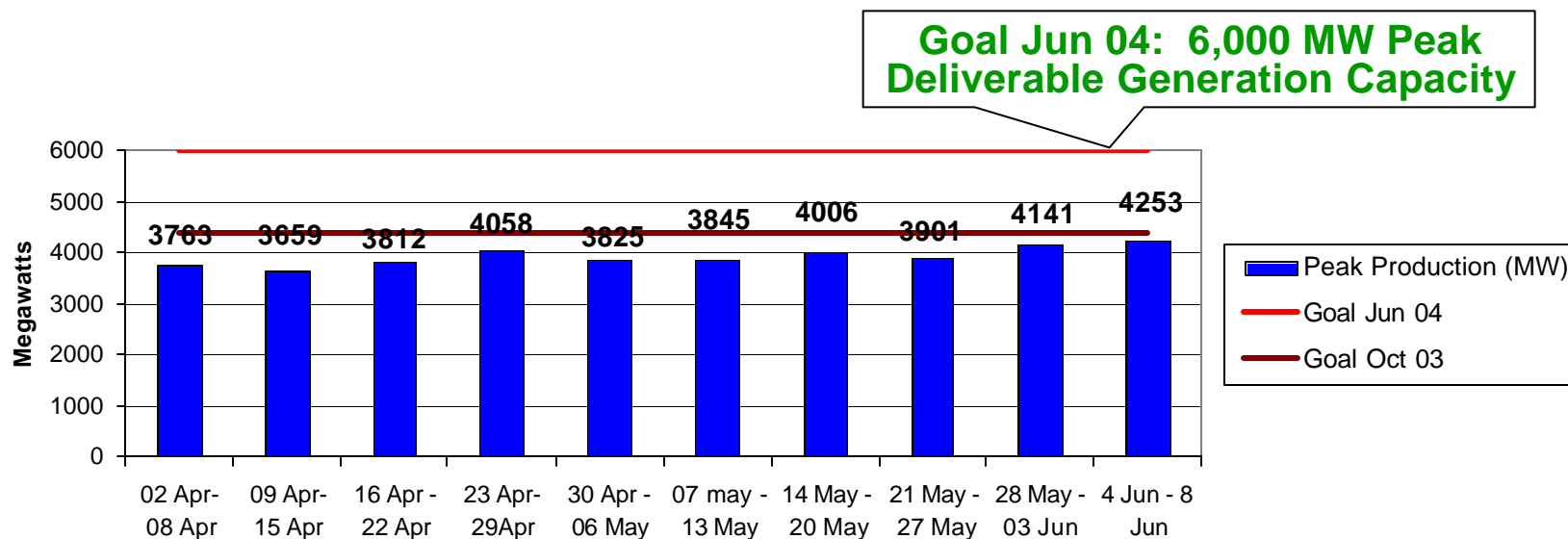
Iraqi Budgeted Spending for 2004

- The following chart shows budgeted Iraqi spending for 2004, from all revenue sources:

Ministry funding in millions of US\$	Revised Iraqi Budget, March 2004					New OFF	2004
	Salaries (inc. FPS)	Other Operating Expenses	Capital Projects	Other	Total	Deposits	
Finance (with selected major payments)*	17	12,938	184	814	13,953	1,580	15,533
<i>Public Distribution System</i>		2,400			2,400	200	2,600
<i>Fuel Imports</i>		2,100			2,100	0	2,100
<i>Transfer Payments</i>		1,671			1,671	0	1,671
<i>Foreign Obligations (e.g., reparations)</i>		1,432			1,432	0	1,432
<i>Local/Regional Grants</i>		831			831	0	831
<i>Salaries and Retirement Awards</i>		797			797	0	797
<i>SOE Restructuring and Salary Support</i>		761			761	50	811
<i>Regional Development</i>		600			600	277	877
<i>Nation Building projects</i>		571			571	0	571
<i>Additional Security Projects</i>		500			500	500	1,000
<i>Rapid Regional Response Program</i>		225			225	0	225
<i>CERP</i>		70			70	123	193
<i>All other</i>		981			981	430	1,411
Electricity	8	210	900	-	1,118	315	1,433
Health	230	750	50	-	1,030	0	1,030
Education	682	103	170	-	955	0	955
Transport	7	82	212	-	301	0	301
Housing	37	17	233	-	287	0	287
Oil	5	56	200	-	261	460	721
Public Works	15	21	166	-	202	0	202
Water Resources	19	7	128	-	155	0	155
Interior	367	108	10	-	485	0	485
Justice	42	67	42	-	151	0	151
Defense	77	24	0	-	101	0	101
Other Agencies	265	425	237	-	927	130	1,057
TOTAL	1,773	14,809	2,532	814	19,926	2,485	22,411



Electricity Overview

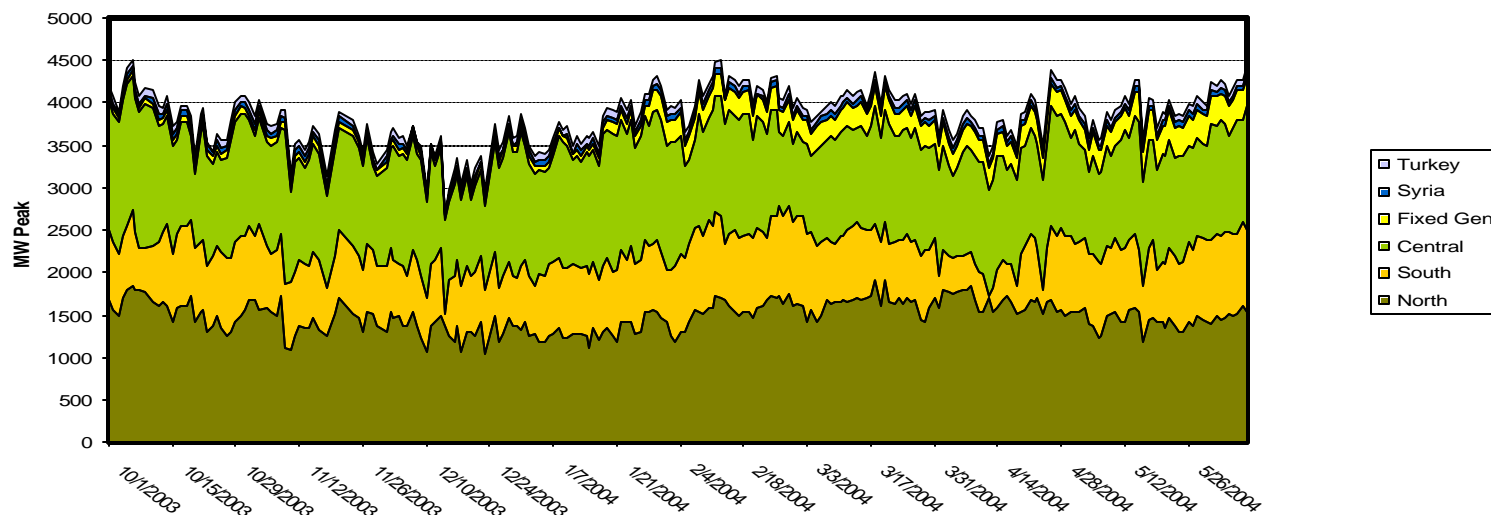
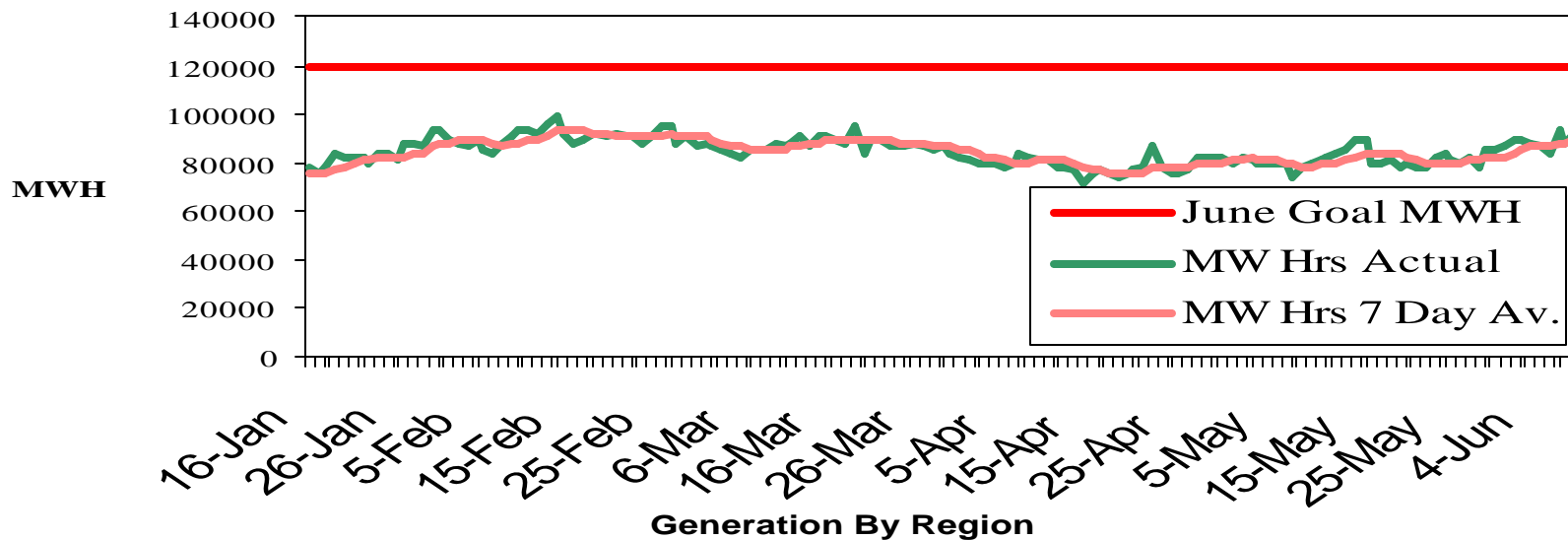


- Ambassador Bremer approved an increase plan in Jan to reach 6,000 MW of peak deliverable capacity and 120,000 MWH of daily production by 01 Jun. Due to unforeseen problems, these goals will slip until at least 30 Jun
- CPA spring maintenance program continues resulting in 1,101 MW of generation capacity currently offline for scheduled and 556 MW for unscheduled maintenance



Power Production

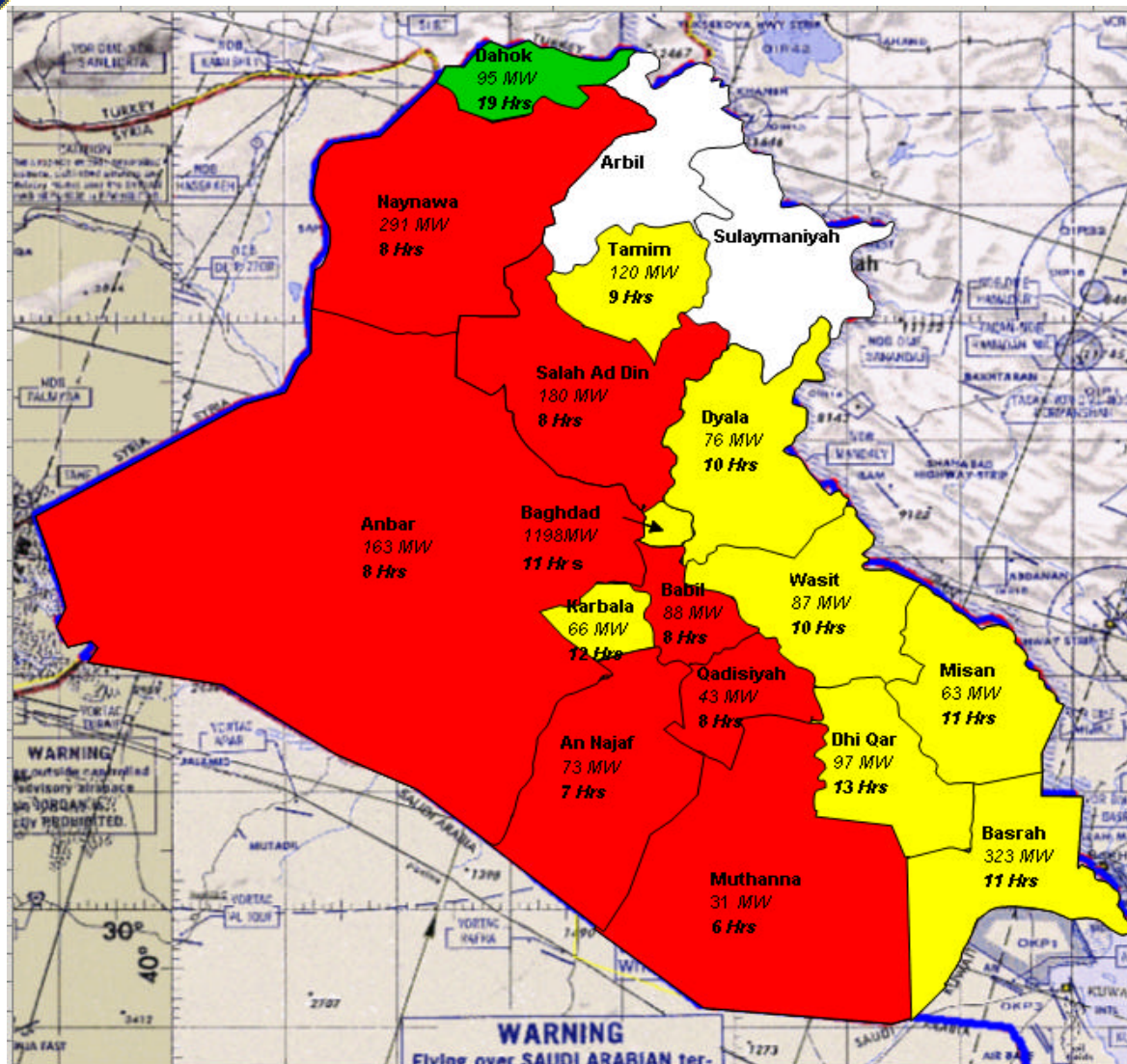
Mega Watt Hour Production



Data as of 08 June



Hours of Power



Average hours of Electrical Service provided over a 7 Day Period

≤ 8 Hrs = Red

9 to 15 Hrs = Amber

≥ 16 Hrs = Green

No Report = White

Percent Change in MW over a 7 Day Period

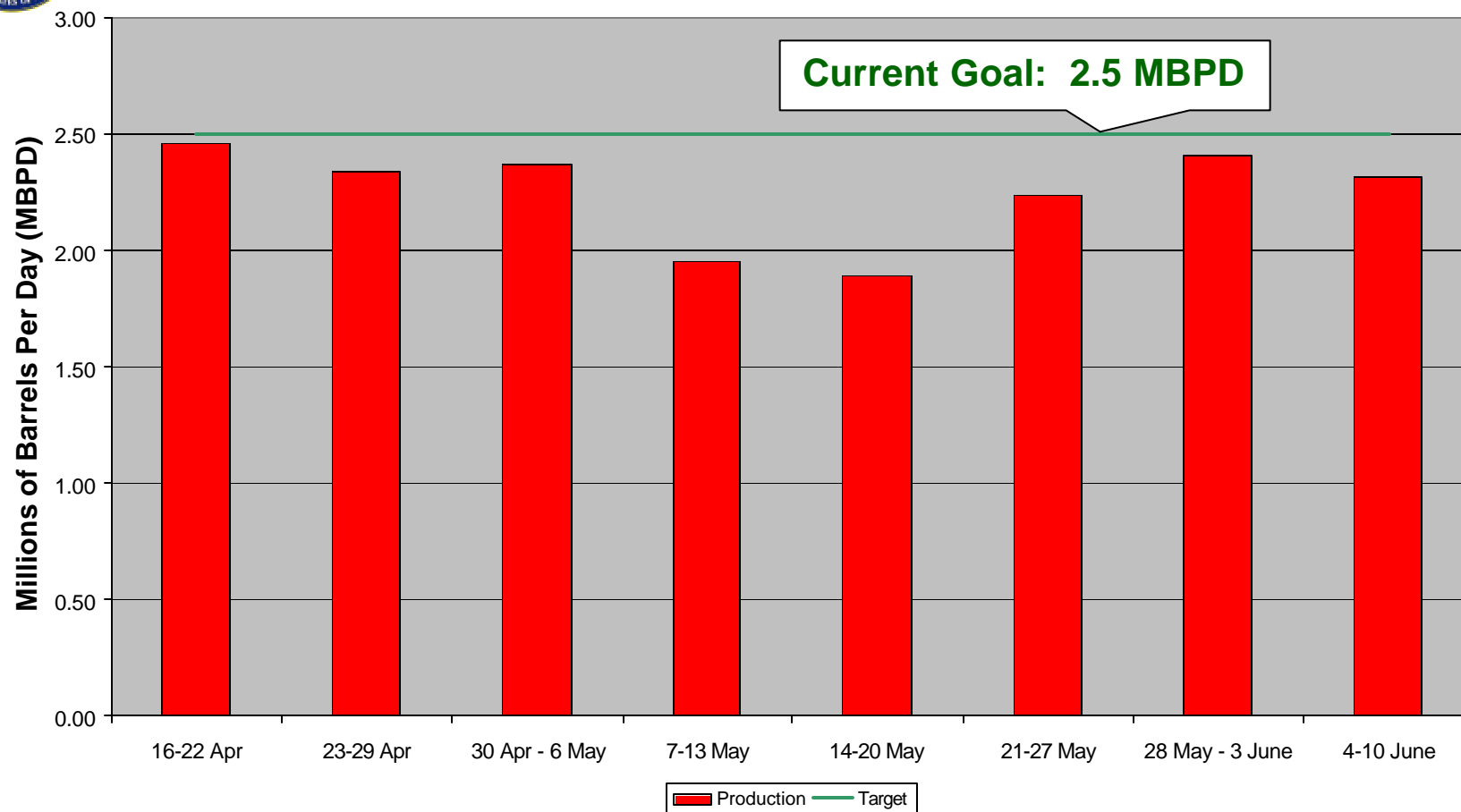
Baghdad	6.8%
Dahuk	-0.6%
Ninewah	0.7%
Tamim	9.9%
Salah Ad Din	-2.8%
Anbar	6.0%
Diyala	6.9%
Babil	4.4%
Karbala	-16.9%
Najaf	-2.8%
Qadisiyah	-19.8%
Wasit	-7.1%
Muthanna	-7.2%
Dhi Qar	6.8%
Maysan	37.2%
Basrah	-0.8%
Arbil	Unknown
Sulaymaniyah	Unknown

Total MW Generated	3,698
Total MW w/Losses	3,143
Total MW Delivered	2,994
Percent Deviation	4.7%

Average Electrical Power Distribution per Governorate as of
9 June 2004



Crude Oil Production



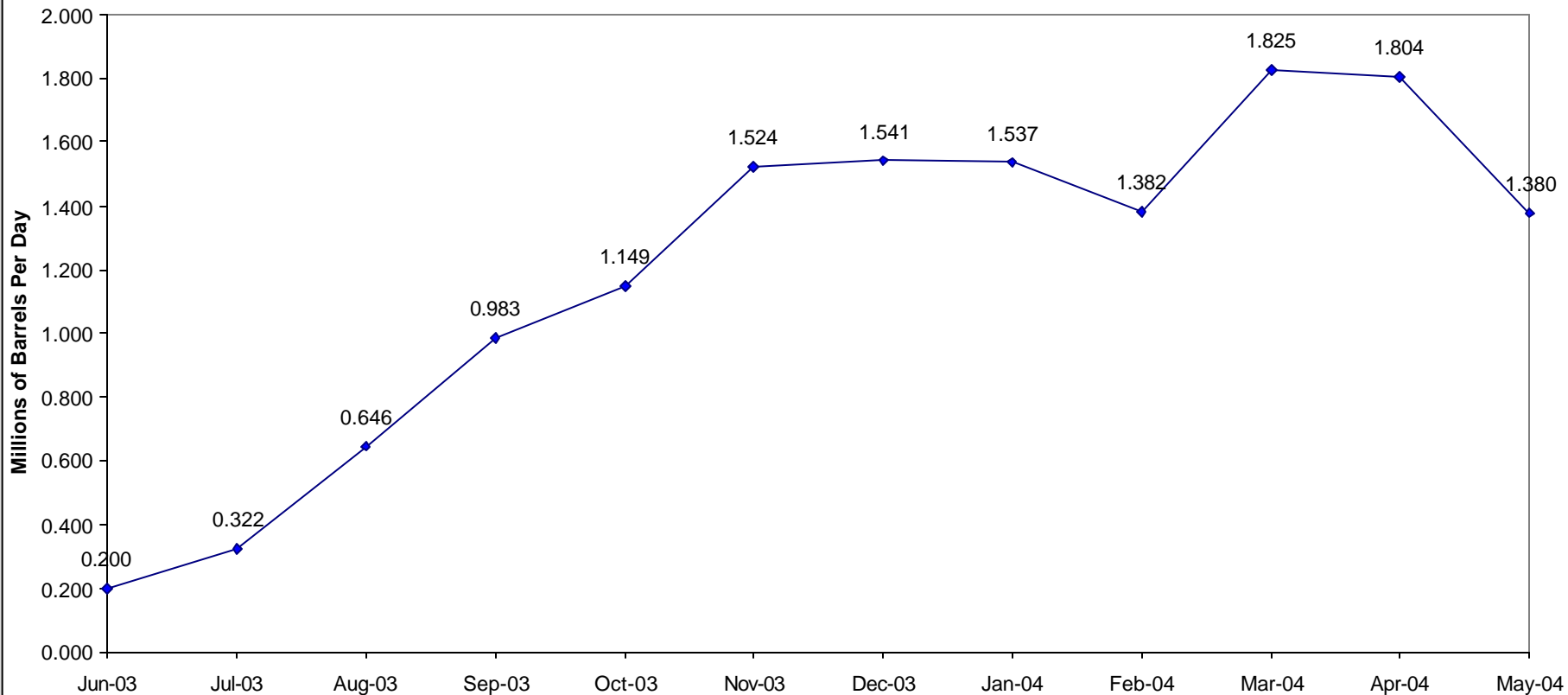
Weekly Average of 2.314 MBPD Is Below Target of 2.5 MBPD

- Long Term Target (Dec 04): 2.8 - 3.0 MBPD (Pre-War Capacity)
- Pre - War Peak: 2.5 MBPD in Mar 03
- Post - war Peak: 2.595 MBPD on 16 Apr 04



Crude Oil Exports

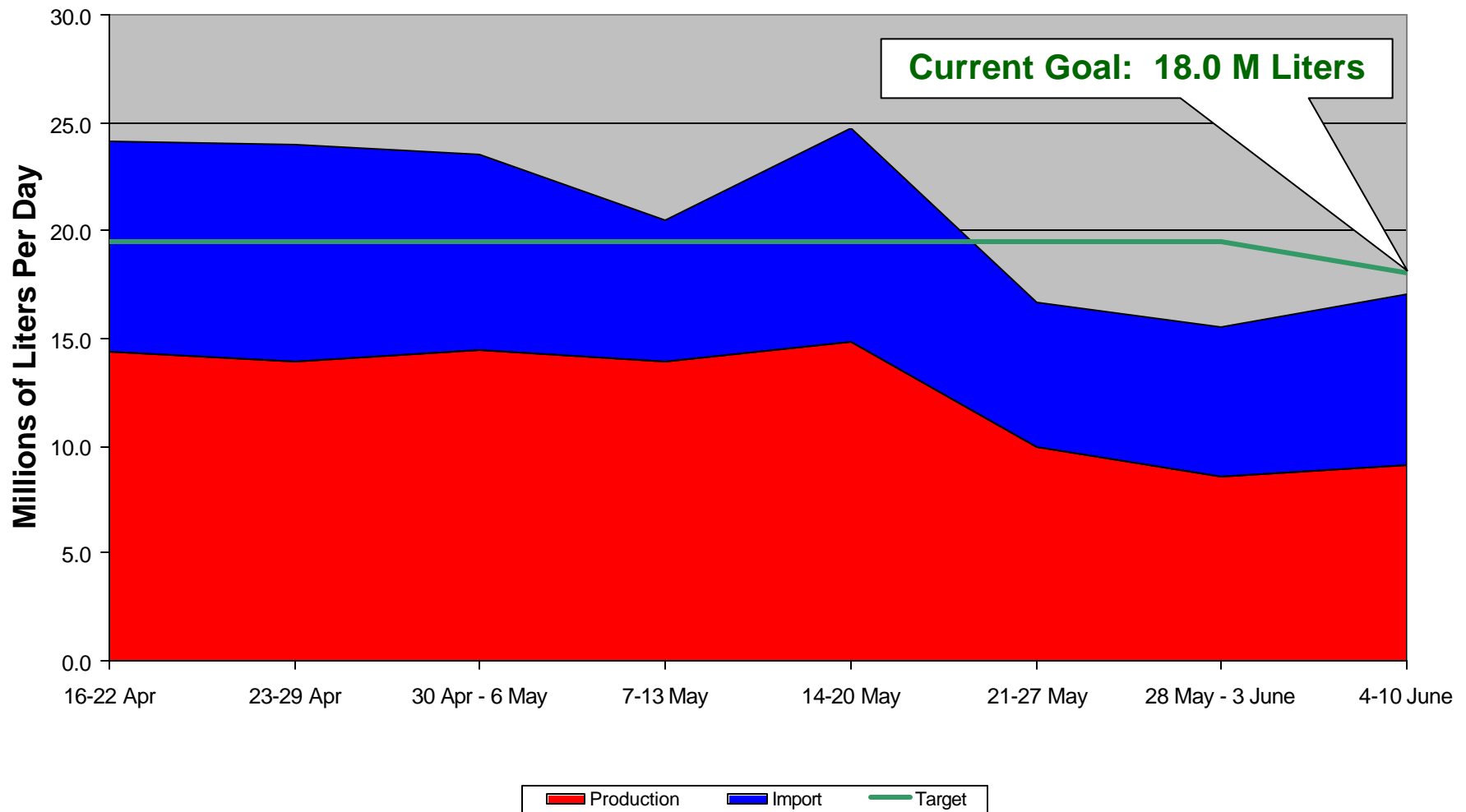
Monthly Average of Crude Oil Exports



• **Current Monthly Average: 1.8 - 1.9 MBPD**



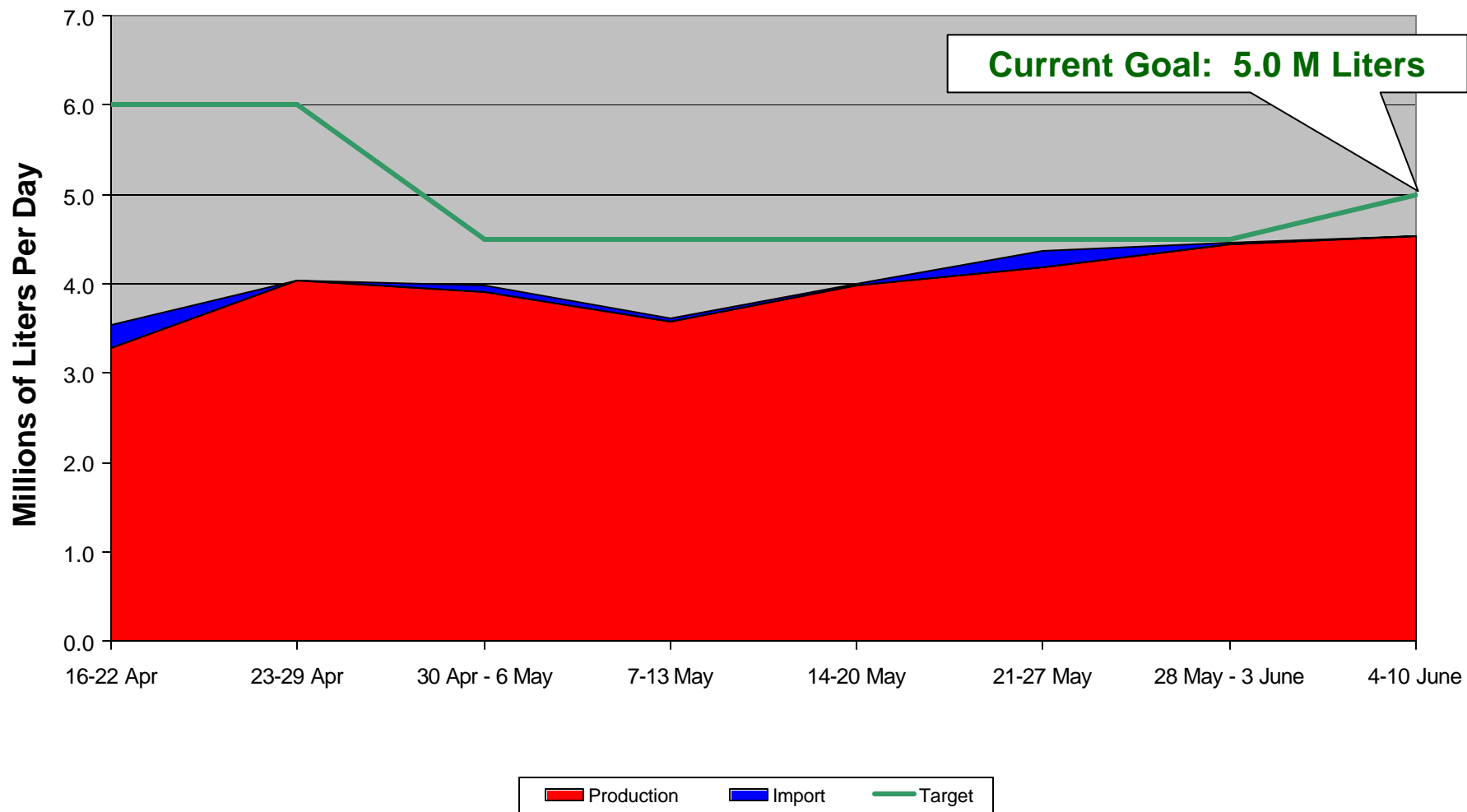
Diesel Supply



- This week's average production and imports are 95% of goal

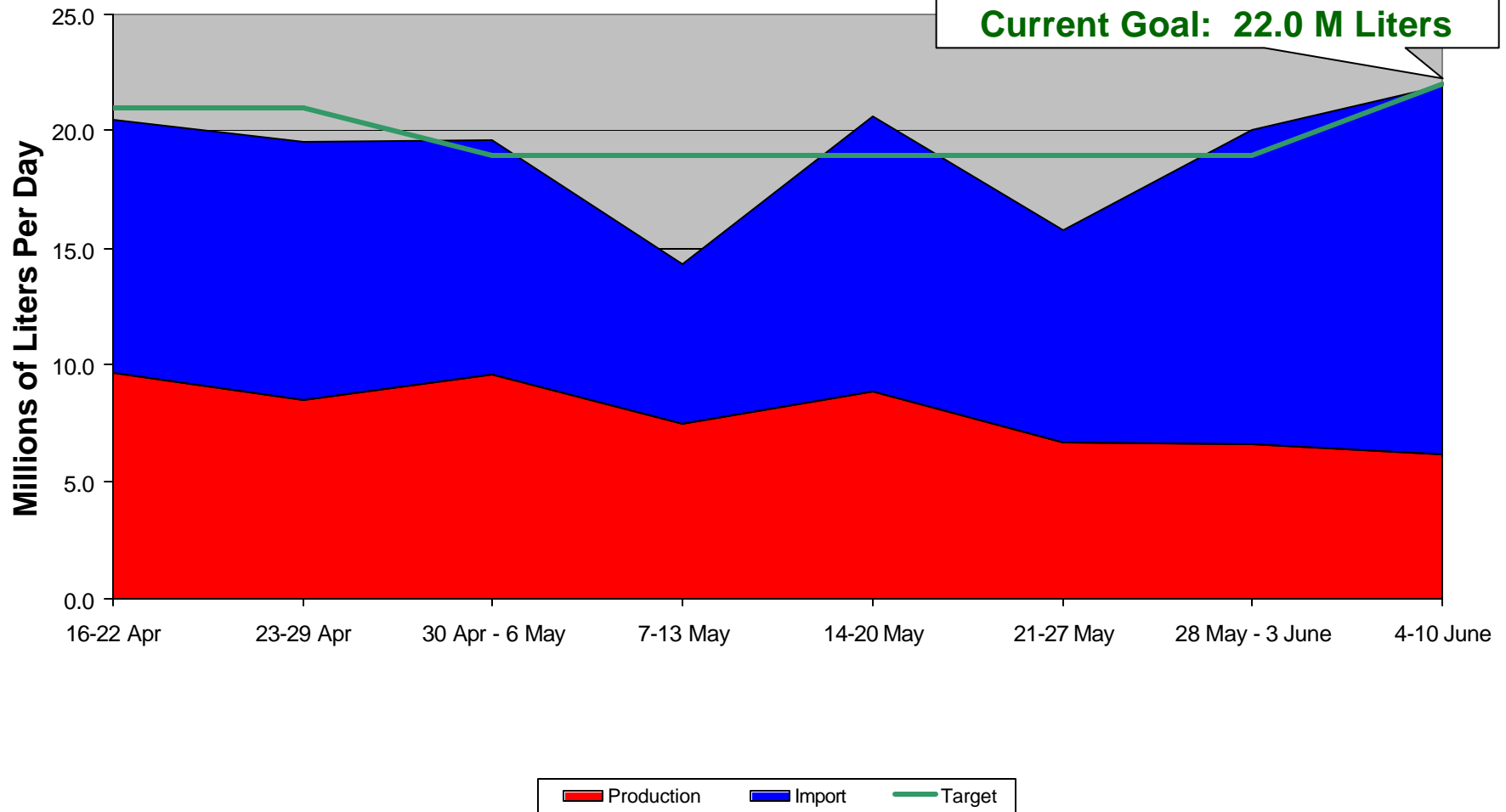


Kerosene Supply



- This week's average production and imports are 91% of goal

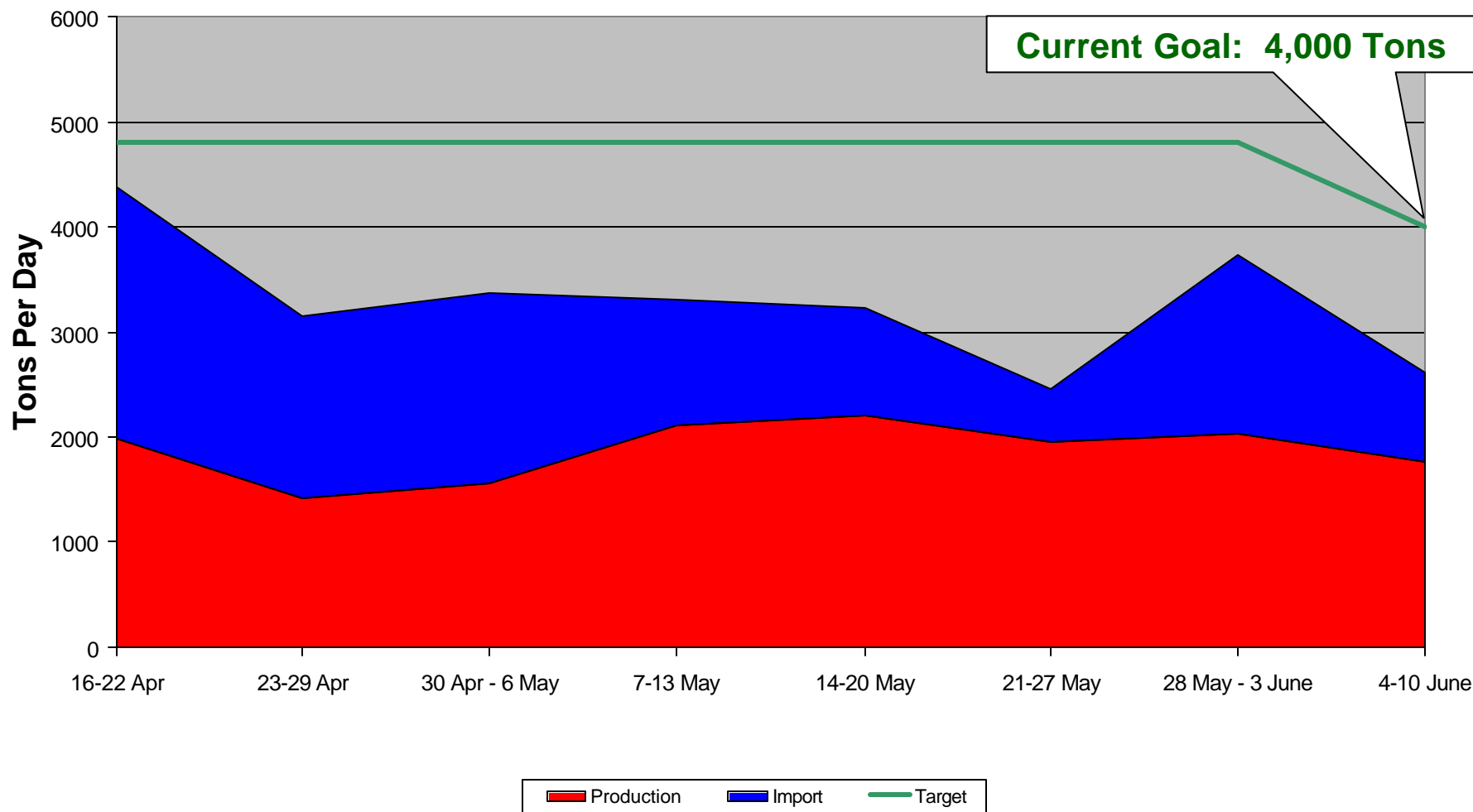
Gasoline / Benzene Supply



- This week's average production and imports are 100% of goal



Liquefied Petroleum Gas Supply



- This week's average production and imports are 66% of goal



Iraqi Security Forces Personnel & Training Summary

	Required	On Duty			Total On Duty	In Academy Training	In TIP Training	Total On Duty & In Training
		Untrained	TIP Trained	Academy Trained				
Iraqi Police Service (IPS) 1	89,369	62,236	21,055	5,707	88,998	1,883	500	91,381
Dept of Border Enforcement (DBE) 2	20,420	0	18,128	179	18,307	101	0	18,408

	Required	On Duty	In-Training	TOTAL
Iraqi Armed Forces (IAF) 3	35,000	4,057	2,753	6,810
Iraqi Civil Defense Corps (ICDC) 4	40,556	33,343	1,667	35,010



Iraqi Security Forces Personnel & Training Summary (Cont)

	Required	On Duty	In-Training	TOTAL
Facilities Protection Service (Ministries & MSCs) (FPS) 5	73,992	73,992	120	74,112
	Total Required: 259,337			Total on Duty and in Training: 225,721

- 1 New requirement from MNF-I 22 Apr based on better census data. IPS implementing new reporting procedures
- 2 OSC SITREP 29 Apr. DBE includes Border Police, Customs, Immigration, Nationality. There is no TIP training for DBE but Border Police received basic sentry training
- 3 MNF-I C3 Effects NISF Roll-up
- 4 OSC SITREP 29 Apr. ICDC includes the 36th ICDC BN
- 5 FPS requirements changed by Ministries. Numbers are estimated. Source OSC SITREP

**Number required and total on duty reflects best available data in the wake of recent combat operations.
Re-assessments and updates are continuing**



Security - Build Justice

- CPA advisors are assisting Iraqi officials with establishing a Commission on Public Integrity (CPI), responsibilities will include:
 - Investigating corruption, enforcing financial disclosure regulations on senior officials, and promulgating a Code of Conduct for public servants
- The Judicial Review Committee (JRC) completed vetting of all judges and prosecutors from the former regime
- With last of six judicial training courses completed, the program has reached around 180 judges
 - Covers due process, rule of law, human rights, judicial independence, ethics, developments in international law, and CPA Orders
- While prisoner transport has improved substantially at most courthouses, difficulties persist
 - Additional vehicles were acquired to further improve transport ability

CPA Objective: Build Justice

Establish independent judiciary; Reform judicial system; Improve the penal system; Establish commission on public integrity; Solidify real property rights



Security - Developments

- Prime Minister Ayad Allawi announced agreement to a transition and reintegration plan for militias
 - Nearly 90 percent of the 100,000 militia members will transition into new occupations prior to the elections
 - CPA Order 91 will activate the TAL's ban on militias and other armed forces outside of state authority except as provided by federal law
- Fallujah has remained quiet with no violations of the cease-fire since 03 May and confrontations with militia of Muqtada al-Sadr have declined recently
- The IPS implemented a weapons buy - back program in Najaf, which follows successful programs in Sadr City and Karbala
- Iraqi Civil Defense Corp are conducting joint patrols throughout Iraq with other Coalition Forces and Iraqi Police forces
 - The ICDC will soon be equipped with additional vehicles, body armor, uniforms, radios, weapons, ammunition, night vision and binoculars

CPA Objectives: Security

Achieve a secure and stable environment; Develop institutions that are effective in protecting society and constitutional order; Develop Iraqi defense capabilities and oversight mechanism



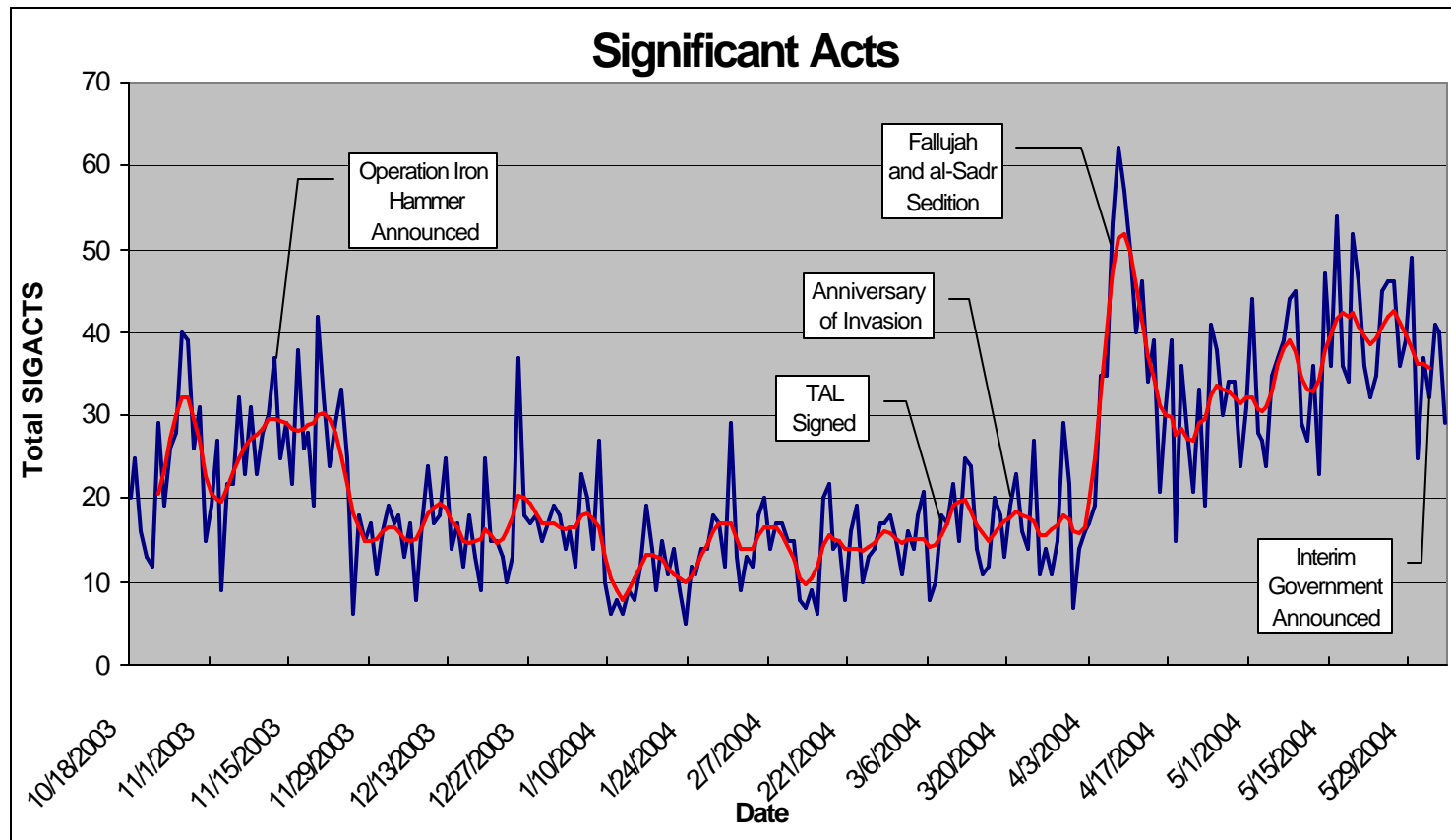
Security - Developments (Cont)

- Ministry of Defense staff continues to grow with the completion of the third large - scale recruiting effort
- Forty Iraqi Ministry of Defense officials have been invited by the US government to participate in a training course in Washington, DC
- First meeting of the Scientific Advisory Council of the Iraq International Center for Science and Industry (IICSI) was held on 01 Jun
 - IICSI is the vehicle for the Weapons of Mass Destruction (WMD) Personnel Redirection Program
- Iraqi Coastal Defense Force has begun patrolling the Umm Qasr port area
 - Three additional patrol boats and five rigid - hull inflatable boats were added to the fleet last week
- Iraqi Police Service (IPS) reconstitution continues in areas where police performance has been less than adequate
 - IPS in Najaf and Karbala are being provided with heavier weapons, ammunition, vehicles, life support, and specialized training
- To date, around 2,000 IPS cadets have graduated from the new police officer training program



Security - Developments (Cont)

- Chart shows significant insurgent activities in Iraq, includes attacks using:
 - Improvised explosive devices (IED), vehicle-borne IEDs, mortars, rocket propelled grenades (RPG), and improvised rockets





Stability Contributors – OIF

Countries with forces in Iraq

31

TOTAL ~23K

Albania
Australia
Azerbaijan
Bulgaria
Czech Rep
Denmark
El Salvador
Estonia
Georgia
Hungary
Italy
Japan
Kazakhstan
Korea
Latvia

Lithuania
Macedonia
Moldova
Mongolia
Netherlands
New Zealand
Norway
Philippines
Poland
Portugal
Romania
Singapore
Slovakia
Thailand
Ukraine
UK

Countries considering decision to provide forces for Iraq

5

TOTAL TBD

36 Countries

Potentially Supporting
Iraqi Stability and
Humanitarian Relief